

This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBIC and Department of Revenue. If a handicraft exporter has question[s] to ask on Foreign Trade Policy, he/she may please write / e-mail to EPCH at policy@epch.com

Impex # 1

Status Holder Certificate to be issued automatically without filing an application for the same

DGFT issues Public Notice and Trade Notice about issue of 'Status Holder Certificate (e-SHC) automatically with no requirement of filing any application by the exporter.

It may come as a very pleasant surprise to exporters and importers and others that in future DGFT shall issue Status Holder Certificate (e-version) automatically without any need on the part of exporters to file any application for the same. The above has been done by revising para 1.08 of the Handbook of Procedure by Public Notice No.32/2023 dt 09.10.2023 reproduced below:

DGFT Public Notice No:32/2023 Dated:9th October 2023

Subject: Automatic System based issue of Status Holder Certificate (e-SHC) with no requirement of filing any application by the exporter - reg.

In exercise of power conferred under paragraph 1.03 and 2.04 of the Foreign Trade Policy (FTP), 2023 as amended from time to time, and in furtherance of the e-Governance initiative of DGFT as envisaged in Para 1.04 (d) of Handbook of Procedures 2023, the Director General of Foreign Trade hereby makes the following amendments in Handbook of Procedures, 2023:

Para No.	Text of Existing Para	Text of Revised
Para 1.08 Status Holder: Application for grant of Status Certificate	<p>(a) Exporters shall be required to file an application online for of status under the Policy in ANF 1B along with prescribed documents.</p> <p>(b) Online Application for status certificate shall be filed with jurisdictional RA as determined by (b) the location of Registered Office in the case of Company and of Head Office in the case of others as per Appendix 1A.</p>	<p>(a) In the interest of trade facilitation, the endeavor has been to recognize and grant system-generated electronic Status Holder Certification, based on merchandise export data available with DGCI & S without the need for filing any application by the exporter.</p> <p>(b) Wherever required, exporters may also file an application online for recognition as well as for up-gradation of Status under the Policy in ANF 1B along with CA Certificate. Online Application for Status certificate shall be filed with regional jurisdictional offices (RA) of DGFT as determined by the location of Registered Office in the case of Company and of Head Office in the case of others as per Appendix 1A.</p>

Effect of this Notification: The Status Holder Certificate is being electronically generated based on export data available in DGCI&S database with no requirement by the exporter to file any kind of application in most cases. This will further the ease of doing business by doing away with the application process & file examination and use of existing data elements available within the Government for export certification.

Along with the above Public Notice DGFT has issued a Trade Notice No.28/2023-24 DT 09.10.2023 (reproduced below):

DGFT Trade Notice No.28/2023-24 Dated:9th October,2023

Subject : Automatic System based issue of Status Holder Certificate (e-SHC) with no requirement of filing any application by the exporter- reg.

In furtherance of the e-Governance initiatives being taken by DGFT, a new IT module to recognize and certify the export performance of individual companies has been developed. Henceforth, the Status Holder Certificate (SHC) will be electronically generated based on export data available in DGCI&S database. The individual exporters will be divided into the five Status categories based on available merchandise export figures from EDI, non EDI Ports and SEZ ports as per the eligibility criterion in Foreign Trade Policy 2023. As a result there will be no requirement by the exporter to file any kind of application and the e-SHC, for a particular status category will be generated automatically by the IT system. This will eliminate the earlier process of submission of an online application with supporting export performance certificate from a Chartered Accountant and will also do away with the file examination required at the DGFT Regional Offices and use existing data elements available within the Government for export certification.

2. The e-SHC will be made available to the exporting entity in their registered email and the customer dashboard @ DGFT portal (<https://www.dgft.gov.in/CP/>), after necessary IT iterations, by 15 th of August each year. The data set used for the Status categorization will be the- merchandise export performance of the preceding 3 financial years or the preceding 2 financial years (in case of gems and jewelry sector) plus the 3 month export data from April to June of the current financial year.

3. i) As the export figures pertaining to services exports, deemed exports and double weightage exports (as admissible under para 1.27 of FTP 2023) are not being compiled by DGCI&S, there will be a few cases where this facility of automatic e-SHC cannot be extended. All such exporters who do not receive their e-SHCs within 48 hours of issue of this Trade Notice will need to make an application, if not already made, for grant of Status Certificate as per the FTP 2023 provisions in the existing IT module along with supporting CA certificate.

ii) Further, all already filed pending/in-process Status applications under FTP 2023 will be scrutinized by the IT system for auto-issuance of Status Holder Certificate where the applied Status category is the same as identified by the system. Such Files will be shown as 'closed' after auto-issue.

iii) Keeping in view that certain export data is not getting captured online as in i) above, there will be some cases where the e-SHC of a exporting entity, which has been automatically generated, is of a lower Status category than which it is otherwise eligible after adding the export performance of services export and/or deemed export. In such a scenario, for upgrading the Status certificate, the IEC holder will need to move an amendment application at the DGFT portal as per para 1.08 of HBP 2023. On issue of a new SHC with a higher/upgraded Status category by the DGFT Regional Office, the earlier e-SHC certificate will be automatically cancelled by the IT system.

iv) DGFT Regional Offices are requested to expedite processing such applications as in i) and iii) above and seek additional documents from the exporting entities only in exceptional cases after permission from the Head of Office.

4. It is being reiterated that all Status Holder Certificates issued under FTP 2015-20 will remain valid till 30th September 2023 only as provided under para 1.09 of HBP 2023 and any IEC holder willing to avail the Status Holder Certificate under the FTP 2023, and who is not getting covered under the new mechanism of automatic issue, will need to apply online to the concerned jurisdictional RAs of DGFT as per para 1.08 of HBP 2023.

5. For guidance on these new processes, the Help manual & FAQs may be accessed at <https://dgft.gov.in> > Learn > 'Application Help & FAQs'.

For any further assistance you may utilize any of the following channels Raise a service request ticket through the DGFT Helpdesk service under Services > 'Trade Helpdesk Service' Call the toll-free Helpdesk number Send an email to the Helpdesk on dgftedi@gov.in Any difficulty/challenge faced in implementation may be brought to notice to this Directorate.

Impex # 2

Input Tax Credit (ITC) allowed on GST paid material under Advance Authorization Scheme

DGFT issues Public Notice amending para 4.10 (i) of HBP 2023 to permit availment of Input Tax Credit on GST paid material in respect Advance Authorization Scheme.

DGFT has issued a Public Notice No.34/2023 dt 13.10.2023 amending existing para 4.10(i) of Handbook Of Procedure 2023. The amendment will permit availment of Input Tax Credit on GST paid material in respect of Advance Authorization Scheme. Copy of Public Notice No. 34/2023 dt 13.10.2023 reproduced below:

Public Notice No.34/2023-DGFT | Dated: 13th October, 2023

Subject: Amendments in Para 4.10 (i) of the Handbook of Procedures, 2023.

In exercise of powers conferred under Paragraph 1.03 and 2.04 of the Foreign Trade Policy, 2023, as amended from time to time, the Director General of Foreign Trade hereby makes the following amendment in the provision of Para 4.10 (i) of the Handbook of Procedures 2023:

Existing para 4.10 (i)	Amended para 4.10 (i)
Transfer of any duty-free material imported or procured against Advance Authorisation from one unit of a company to another unit for manufacturing purpose shall be done with prior intimation to jurisdictional Customs Authority. Benefit of Input Tax Credit shall not be claimed on such transferred input.	Transfer of any duty-free material imported or procured against Advance Authorisation from one unit of a company to another unit for manufacturing purpose shall be done with prior intimation to jurisdictional Customs Authority. In case of transfer of duty free imported or indigenously procured materials, on which GST has been paid, between the units located in same or different States, the availment of Input Tax Credit shall be governed as per the provisions of the GST law & the rules made thereunder.

Effect of the Public Notice: Para 4.10 (i) of the Handbook of Procedures 2023 has been amended to permit availment of Input Tax Credit on GST paid material, in respect of Advance Authorization Scheme, for ease of doing business and reduction of transaction cost.

DGFT issues Trade Notice for review of RoDTEP of Foreign Trade Policy.

DGFT has issued a Trade Notice No.30/2023-24 dt 19.10.2023 for submission of data to RoDTEP Committee for review of RoDTEP rates in the prescribed format. The last date for submission of

information is 30.11.2023. Those exporters who are not satisfied with the present RoDTEP rates may submit the application before the last date. Copy of Trade Notice No. 30/2023-24 dt 19.10.2023 referred to above is reproduced below:

Trade Notice No. 30/2023-24-DGFT, Dated: 19th October, 2023

Subject:- Submission of data to RoDTEP Committee for review of RoDTEP rates-reg.

Members of Trade and Industry are already aware that the RoDTEP Committee has been constituted for review of RoDTEP rates. After consultation with the industry, the Drawback Division has now finalized the formats for submission of data (Letter dated 12.10.2023 may be seen in this regard). The last date for submission of information to the RoDTEP Committee in the designated formats as given in Annexure B (Part 1 and Part 2) is 30th November 2023.

Relevant orders and data formats etc. have been made available in the public domain at CBIC website (cbic.gov.in) under the link > Taxpayer and Stakeholder Assistance > Public Information > RoDTEP Committee

2. Exporting community is requested to make use of this opportunity and submit required information well within the laid down timelines with copy in MS Excel format to the email id-rodtep.dbk@gov.in. For any clarification, Shri Malay Samir, Deputy Secretary (Drawback) at 011-23340581 may also be contacted.

DGFT issues Trade Notice for organising camps for speedy disposal of pending cases of issue of EODCs in respect of Advance Authorisations and EPCG Authorisations.

While it is quite easy to obtain Advance Authorisation and EPCG Authorisation, it is quite difficult to get them closed by way of issue of EODCs (Export Obligation Discharge Certificates). This is on account of the fact that exporters face many difficulties in fulfilling the export obligation in the given time.

The DGFT on its part is quite anxious that authorisation holders should get the cases closed within the given period. Even amensty schemes containing financial reliefs etc are announced at times. Now DGFT has issued a Trade Notice No. 29/2023-23 dt 13.10.2023 containing details of EODC camps in eleven RAS with effect from 13.11.2023 to 24.11.2023 (copy reproduced below).

Exporters and importers having pending cases of issue of EODCs may take advantage of the above camps.

DGFT Trade Notice No. 29/2023-24-DGFT | Dated: 13th October 2023

Subject: EODC camp in RAs w.e.f. 13th November 2023 to 24th November 2023 -reg

To facilitate the expedited disposal of pending applications for Export Obligation Discharge Certificate (EODC) for Advance Authorisations and EPCG, it is decided that the concerned RAs (as per Annexure enclosed), shall organise a 2-week EODC camp w.e.f. 13.11.2023 to 24.11.2023.

2. RAs shall make requisite preparations for the EODC camp proposed. RAs shall duly publicize the camp to all concerned exporters with un-redeemed AA/EPCG Authorisations. Exporters whose EODC applications are pending, and their licence status is not reflected as `Closed' on the DGFT Website, are advised to make use of the camp in earnest and ensure that un-redeemed licence pendency is disposed to the maximum extent feasible. The post-lunch session of the above period would be exclusively reserved for this purpose.

3. Reference Trade Notice 28/2021-22 dated 31.12.2021 and Trade Notice 01/2023-24 dated 06.04.2023 issued earlier, the following points are reiterated for due compliance please -

- i. For applications wherein physical files were submitted for redemption/closure to the RA earlier, the RA on examination of the said files should generate the EODC letter online by navigating to License Room, select relevant License number -> Click on "EODC Status Update" button and generate the EODC letter online.
- ii. Also, for cases where the authorisation was redeemed earlier but not updated by the RA online, the given set of steps are to be followed such that the authorisation status is duly updated in the online systems.
- iii. Alternatively, the AA/EPCG Authorisation holder may also submit EODC status update application by navigating to DGFT website -> Services -> AA / EPCG -> EODC Status update.
- iv. RA as well as the Exporter is mandated to ensure that the status of all redeemed AA/EPCG authorisations are duly updated in the DGFT online systems.
- v. EODC issued online are transmitted electronically to Customs ICEGATE System in near real-time, to facilitate the discharge of Customs bond and other related activities at the Customs port. vi. No Export Obligation Discharge Certificates (EODC) are to be issued manually or through any legacy IT system(s). All MIS reports are to be generated by the RA based on the data updated online.

ANNEXURE

Regional Authorities where Export Obligation Discharge Certificate (EODC) Camp is being conducted w.e.f. 13th November to 24th November 2023

- | | |
|------------------|--------------|
| 1. New Delhi CLA | 7. Bangalore |
| 2. Mumbai | 8. Rajkot |
| 3. Coimbatore | 9. Hyderabad |
| 4. Kolkata | 10. Chennai |
| 5. Surat | 11. Ludhiana |
| 6. Ahmedabad | |

Impex # 5

Questions & Answers

Q. : If an exporter has not been able to mention the option of claiming RoDTEP in shipping bills in respect of the past transactions, what should he do now?

Answer : It is mandatory for the exporters to indicate in their Shipping Bill whether or not they intend to claim RoDTEP on the export items. It has been categorically specified by the CBIC that, if RODTEPY is not specifically claimed in the Shipping Bill, no RoDTEP would accrue to the exporter.

Question : Whether realisation of foreign currency for the RoDTEP benefit is necessary?

Answer : The Scheme provides that the rebate under the scheme would not be dependent on the realization of export proceeds at the time of claim of rebate. However, the rebate is allowed subject to receipt of sale proceeds within the timeframe allowed under the Foreign Exchange Management Act, 1999 failing which such rebate shall never be deemed to have been allowed.

Question : What taxes and levies are covered in fixation of the RoDTEP rates?

Answer : The RoDTEP Scheme covers (a) Duties/taxes/ levies at the Central, State and local level on the exported goods, not being refunded under the present dispensation like IGST or ITC Refund or through DBK, Advance Authorisation, EOU, SEZ, DFIA etc (b) prior stage cumulative taxes on the goods and services used in the export products. For example embedded taxes on inputs while procuring from unregistered sources or where the end product is exempted from GST and (c) indirect taxes/duties/levies on distribution of exported products. For example taxes on fuel used in the transportation of inputs and exported goods.

Question : Does the RoDTEP Scheme covers ecommerce exports?

Answer : The Scheme covers all eligible products whether exported through conventional mode or ecommerce mode. Therefore, ecommerce shipments are eligible for RoDTEP benefits.

Question : Which are the duties and taxes against which RoDTEP benefit can be utilized?

Answer : The e-scrips issued under RoDTEP scheme would be utilized for payment of duty of Customs leviable under First Schedule to the Customs Tariff Act, 1975 i.e. Basic Customs Duty. It cannot be utilized towards payment of any other taxes like IGST, Compensation Cess etc. upon the import of goods.

Question : Will the suspension of drawback extend to RODTEP scheme in case of a risky exporter?

Answer : Yes, it will be, if the exporter is suspended for the drawback, same will be applicable for the purpose of scrolling out of RoDTEP benefits. Thereby, unless the suspension is revoked, the claim cannot be made under RoDTEP.